

# The Strengthening Employment Clusters to Organize Regional Success Act of 2013

## Section-by-Section Analysis | S. 1226, H.R. 919

February 2014

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### **Sec. 1 Short Title**

Identifies the bill as the “Strengthening Employment Clusters to Organize Regional Success Act of 2013” or the “SECTORS Act of 2013.”

### **Sec. 2 Industry or Sector Partnership Grant Program**

Amends Subtitle D of Title I of the Workforce Investment Act of 1998 (29 U.S.C. 2911 et. seq.) to establish an industry or sector partnership grant program under new section 171A.

#### **(a) Purpose**

States that the purpose of the Industry or Sector Partnership Grant Program is to promote industry or sector partnerships that lead collaborative planning, resource alignment, and training efforts across multiple firms for current and potential workers within the targeted industry cluster.

#### **(b) Definitions**

Defines key terms within the Act.

A *‘career ladder’* is defined as an identified series of positions, work experiences, and educational benchmarks or credentials that offer occupational and financial advancement within a specified career field or related fields over time.

*‘Economic self-sufficiency’* is defined as earning a wage sufficient to support a family over time based on factor such as family size, number and ages of children, the cost of living in a local community, and other factors that may vary by region.

An *‘eligible entity’* is defined as an industry or sector partnership, or and eligible State agency.

An *‘eligible State agency’* is defined as a State agency designated by the Governor of the State for the purposes of the grant program.

A *'high-priority occupation'* is defined as an occupation that has a significant presence in an industry cluster, is in demand by employers, pays (or can reasonably be expected to lead to) family-sustaining wages that enables workers to achieve economic self-sufficiency, has (or is in the process of developing) a documented career ladder, and has a significant impact on a region's economic development strategy.

An *'industry cluster'* is defined as a concentration of interconnected businesses, suppliers, research and development, service providers, and associated institutions in a particular field that are linked by common workforce needs.

An *'industry or sector partnership'* is defined as a workforce collaborative that organizes key stakeholders in a targeted industry cluster into a working group that focuses on the workforce needs of the industry cluster. Defines the required partners of an industry or sector partnership as: representatives of multiple firms or employers, in a targeted industry cluster, including small- and medium sized employers when practicable; one or more representatives of State labor organizations, central labor coalitions, or other labor organizations, where such organizations exist; one or more representatives of local workforce investment boards; one or more representatives of postsecondary educational institutions or other training providers; and one or more representatives of State workforce agencies or other entities providing employment services. Required partners are to be included at the appropriate stage of development of the partnership. No individual may serve as a member representing more than one of the required partner categories. Also identifies non-mandatory partners that may be included in industry or sector partnerships, including representatives of State or local government, business and trade associations, nonprofit organizations, and other entities.

*'Industry-recognized'* is defined, with respect to a credential, as a credential that is sought or accepted by businesses within the industry or sector as a recognized, preferred, or required credential for recruitment, screening, or hiring purposes, and that is endorsed by a nationally recognized trade association or organization representing a significant part of the industry or sector, where appropriate.

*'Nationally portable'* is defined, with respect to a credential, as a credential that is sought or accepted by businesses within the industry sector, across multiple states, as a recognized, preferred, or required credential for recruitment, screening, or hiring purposes.

A *'targeted industry cluster'* is defined as an industry cluster that has an economic impact in a local or regional area (such as advanced manufacturing, clean energy technology, nursing, and health information), immediate workforce development needs, and documented career opportunities.

### **(c) Grants Authorized**

- (1) *In General.* Authorizes the Secretary of Labor to award competitive industry or sector partnership implementation and renewal grants to eligible entities.
- (2) *Maximum Amount.* Establishes a limit of \$2,500,000 over three years for implementation grants, and a limit of \$1,500,000 over three years for renewal grants.
- (3) *Implementation Grants.* Authorizes the Secretary to award implementation grants of not more than three years to eligible entities that have established, or are in the process of establishing, industry or sector partnerships. Establishes the federal share of an implementation grant at 90% in the first year, 80% in the second year, and 70% in the third year. Provides that non-federal share may be cash or in-kind, and may come from state, local, private, philanthropic, or other sources. Permits the Secretary to set the Federal match at 100% if the eligible entity is located in a State or local area receiving a National Emergency Grant under WIA.

Authorizes the Secretary to renew implementation grants for an additional three years, subject to certain conditions. Prioritizes renewal grants for industry or sector partnerships that can demonstrate long-term sustainability. Mandates increasing non-federal share during each year of the renewal grant, including 50 percent cash match.

- (4) *Fiscal Agent.* Requires industry or sector partnerships receiving a grant to designate an entity in the partnership as the fiscal agent for the grant.
- (5) *Use of Grant Funds during Grant Periods.* Requires an eligible entity receiving an implementation or renewal grant to expend or obligate grant funds by the last day of the grant period.

**(d) Application Process**

- (1) *Identification of a Targeted Industry Cluster.* Requires eligible entities to identify a targeted industry cluster in order to qualify for a grant.
  - (A) Requires eligible entities to work with businesses, industry associations, labor organizations, and other organizations to identify an appropriate targeted industry cluster based on data showing the competitiveness of the industry cluster, the importance of the industry cluster to the economic development of the area served by the eligible entity, the identification of supply and distribution chains within the industry cluster, and research studies on industry clusters.
  - (B) Requires eligible entities to work with appropriate employment agencies, workforce investment boards, and other organizations to ensure that the targeted industry cluster should be targeted for investment, based on a variety of employment and other economic criteria.

(2) *Application.* Requires eligible entities to submit grant applications that include:

- (A) A description of the eligible entity, evidence of the eligible entity's capacity to carry out activities in support of the strategic objectives identified in the application, and a description of the expected participation and responsibilities of each of the mandatory partners.
- (B) A description of the targeted industry cluster and a description of how the cluster was identified;
- (C) A description of the workers that will be targeted or recruited by the partnership, an analysis of the existing labor market and potential barriers to employment for targeted workers, and a description of strategies that will be used to overcome those barriers;
- (D) A description of the strategic objectives that the eligible entity will carry out for the targeted industry cluster, which must include recruiting and regularly convening key stakeholders in the targeted industry cluster; identifying training needs of multiple businesses; aggregating training and education needs of multiple employers; helping postsecondary educational institutions, training institutions, apprenticeships, and other training programs to align curricula, entrance requirements and programs to industry demand and nationally portable, industry recognized credentials; collaborating with various stakeholders to better connect disadvantaged adults and youth to careers; developing and strengthening career ladders within and across companies; improving job quality through improving wages, benefits, and working conditions; and other activities;
- (E) A description of the nationally portable, industry-recognized credentials or other credentials that the eligible entity will support, develop, or use as a performance measure in carrying out the strategic objectives;
- (F) A description of the manner in which the eligible entity intends to make sustainable progress towards the strategic objectives;
- (G) Performance measures, with quantifiable benchmarks, for measuring progress toward the strategic objectives;
- (H) A timeline for achieving progress toward the strategic objectives; and
- (I) For implementation grants, an assurance that the eligible entity will leverage other funding sources, in addition to the amount required for the non-Federal share of the grant, to provide training and supportive services under the grant program.

**(e) Award Basis**

- (1) *Geographic Distribution.* Requires the Secretary to award grants in a manner that ensures geographic diversity.
- (2) *Priorities.* Requires the Secretary to give priority in awarding grants to eligible entities that work with employers within a targeted industry cluster to retain and expand employment in high wage, high growth areas; help workers move toward economic self-sufficiency and ensure that workers have access to supportive services; address the needs of firms with limited human resources or in-house training capacity, including small- and medium sized firms; and coordinate with entities carrying out State and local workforce investment, economic development, and education activities.

**(f) Activities**

- (1) *In General.* Requires grantees to carry out activities necessary to meet strategic objectives described in the grant application in a manner that integrates services and funding sources effectively and uses grant funds efficiently.
- (2) *Planning Activities –* Authorizes eligible entities receiving implementation grants to use up to \$250,000 of grant funds to carry out planning activities. Planning activities may only be carried out during the first year of the grant.
- (3) *Administrative Costs.* Permits grantees to retain up to five percent of grant funds received during a fiscal year for administration.

**(g) Evaluation and Progress Reports**

- (1) *Annual Activity Report and Evaluation.* Requires an eligible entity to provide annual reports on activities funded under the grant to the Secretary of Labor and the Governor of the State served by the eligible entity. Requires the grantee to conduct an annual evaluation of progress towards strategic objectives, and measure progress according to performance measures identified in the grant application.
- (2) *Report to the Secretary.* Requires the eligible entity to provide a report to the Secretary containing the results of the evaluation at such time and in such manner as the Secretary may require.

**(h) Administration by the Secretary**

- (1) *Administrative Costs.* Authorizes the Secretary of Labor to retain not more than ten percent of funds appropriated for the program each fiscal year for administrative costs.
- (2) *Technical Assistance and Oversight.* Requires the Secretary of Labor to provide technical assistance and oversight to help eligible entities in applying for and administering grants. Requires the Secretary to provide technical assistance to

eligible entities in the form of conferences and the collection and dissemination of best practices. Permits the Secretary to award grants or contracts to national or state organizations to provide technical assistance.

- (3) *Performance Measures.* Requires the Secretary to issue a range of performance measures, with quantifiable benchmarks, and methodologies that eligible entities may use to evaluate the effectiveness of activities in making progress towards strategic objectives under the grants. Such measures shall consider the benefits of the partnership for workers, firms, industries, and communities.
- (4) *Dissemination of Information.* Requires the Secretary to: coordinate an annual review of grantees and produce an overview report that includes the critical learning of each industry or sector partnership, and a description of what eligible entities serving similar industry clusters consider exemplary practices; make resource materials available on the Internet; and conduct conferences and seminars to disseminate information on best practices and provide information to eligible entities.
- (5) *Report.* Requires the Secretary, within 18 months of enactment and on an annual basis, to submit to Congress a report on the grant program, including a description of eligible entities receiving funding, the activities carried out by the eligible entities, and other information.

**(i) Rule of Construction.**

Provides that nothing in the section shall be construed to permit the reporting or sharing of personally identifiable information collected or made available under this section.